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SUBJECT: SEOUL - PRESS BULLETIN; FEBRUARY 1, 2010

TOP HEADLINES

Chosun Ilbo
No Progress Made on Inter-Korean Summit
during Last Year's S-e-c-r-e-t Contacts between Two Koreas

JoongAng Ilbo
Phone Conversations of 35,000 Police Officers in Seoul to be
Searched as Part of Efforts to Fight Corruption in Public Sector

Dong-a Ilbo
ROK's National Standing Undermined
by Social Conflict and Politics

Hankook Ilbo
There are Already Signs of Money and Mudslinging,
with 120 Days Still to Go before Local Elections

Hankyoreh Shinmun, All TVs
China Suspends Military Exchanges with U.S.
over Taiwan Arms Sales

Segye Ilbo
Survey: 54 Percent of Residents in Chungcheong Region
Favor Holding Referendum on Sejong City

Seoul Shinmun
President Lee: "It is Possible to Discuss
'Grand Bargain' Deal with N. Korea"

DOMESTIC DEVELOPMENTS

President Lee Myung-bak, in a Jan. 30 interview with CNN, said that
the time is approaching for North Korea to answer the question
whether it will ultimately abandon its nuclear program. (All)

According to ruling circles and ROKG officials, the two Koreas held
two rounds of s-e-c-r-e-t meetings in the North Korean border city
of Kaesong last year to discuss a possible inter-Korean summit, but
failed to narrow differences over the North's nuclear issue, ROK
prisoners of war and abduction victims and humanitarian aid.

(Chosun)

Deputy Secretary of State James Steinberg, in a Jan. 29 seminar in Washington, said that (the U.S.) will strongly support any measures the ROK President takes toward an inter-Korean summit. (Chosun, Hankook, Segye, KBS, MBC)

President Barack Obama, during a Jan. 29 gathering of House Republicans in Baltimore, Maryland, emphasized the need to ratify the KORUS FTA. He was quoted: "What is also true is that the EU is about to sign a trade agreement with the ROK; which means right at the moment when they start opening up their markets, the Europeans might get in there before we do." (Chosun, JoongAng, Segye, All TVs)

The two Koreas will hold working-level talks today on the operation of the joint Kaesong Industrial Complex in North Korea. (All) The North is likely to demand a twofold increase in wages for its workers employed by ROK companies at the complex. (Chosun)

INTERNATIONAL NEWS

Two UN special envoys will visit North Korea on Feb. 9 to discuss restoring stalled high-level dialogue between the UN and North Korea, as well as the North Korean nuclear issue. (JoongAng, Dong-a, Hankook, Hankyoreh, Segye, Seoul)

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MEDIA ANALYSIS

President Obama's State of the Union Speech
All ROK media covered President Obama's State of the Union address on Jan. 27.

Coverage highlighted the President's statements: "These diplomatic efforts have also strengthened our hand in dealing with those nations that insist on violating international agreements in pursuit of nuclear weapons. That's why North Korea now faces increased isolation, and stronger sanctions - sanctions that are being vigorously enforced;" and "If America sits on the sidelines while other nations sign trade deals, we will lose the chance to create jobs on our shores. ... That's ... why we will strengthen our trade relations in Asia and with key partners like South Korea and Panama and Colombia."

Most media interpreted these remarks as a warning to North Korea of stronger sanctions if it continues to pursue nuclear weapons, and his roundabout way of stressing the need to ratify the KORUS FTA.

Moderate Hankook Ilbo wrote in the headline: "U.S. Reconfirms Intention to Reject N. Korea's Call for Peace Treaty before the North's Return to Six-Party Talks."

Left-leaning Hankyoreh Shinmun editorialized: "President Obama's speech ran 71 minutes but only nine minutes were devoted to international affairs. It is said that a State of the Union Address, in recent years, has never treated international affairs as lightly as this one. ... There are many international issues that cannot be resolved without active U.S. efforts; It is still important for America to play an appropriate role in the international community. ... Since the launch of the Obama Administration, North Korea has advocated a resolution of its nuclear issue through dialogue, increasing the possibility of a breakthrough on the nuclear issue, depending on the U.S.'s attitude. It is high time for a more forward-looking role from the U.S."

-N. Korea

North Korea's official Korean Central News Agency's report yesterday - that an American is being held in North Korea for illegally crossing its border with China on Jan. 25 - captured the attention

of the ROK media. According to media reports, the North did not identify him or give any details about why he entered the North. If confirmed, it will be the second such incident in a month, according to media reports.

Most media carried reports that North Korea proposed talks with the United Nations Command (UNC) on Jan. 27 to discuss resuming the joint recovery of the remains of U.S. soldiers killed in the Korean War. The proposal coincided with the North's artillery shootings into waters near the Northern Limit Line in the Yellow Sea, the de facto maritime border between the two Koreas.

Chosun Ilbo editorialized: "North Korea has been employing a two-track strategy toward the ROK and the U.S. since late last year by aggressively seeking economic cooperation and humanitarian aid on one hand while heightening military tension on the other. ... The reason why North Korea continues to make provocations, such as the latest artillery fire near the NLL, is that it is caught in an obsolete mindset that threats and appeasement are the most effective way to elicit aid from the ROK and the U.S. ... Only if North Korea stops its nuclear development and provocations and returns to the Six-Party Talks and inter-Korean dialogue will the door open for economic aid for the North."

Moderate Hankook Ilbo wrote in the headline: "'Double-faced' N. Korea; North Suggests Joint Recovery of Remains of Fallen U.S. Soldiers while Firing Artillery... an Attempt to Raise Negotiating Power."

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OPINIONS/EDITORIALS

OBAMA'S STATE OF THE UNION ADDRESS LEAVES SOMETHING TO BE DESIRED
(Hankook Ilbo, February 1, Page 39)

By Washington Correspondent Hwang Yu-seok

U.S. media is keenly evaluating President Obama's first year in office. Special attention is being drawn to Obama because his one year in office carries symbolic significance and he opened a new historical chapter a year ago.

President Obama's first year has been passionate. It has been the year of an outpouring of energy and drive, which would be hard to find in a fully democratic developed country. To put it differently, his first year has been full of ups and downs, and controversy. Some members of the U.S. public said they feel dizzy because (President Obama) is trying to do too many things at one time. Liberals including the Democratic Party considered it a historical duty to implement Obama's reform, while conservatives criticized him for engaging in maverick politics in defiance of public opinion. Obama's popularity rating, which hovered around 80 percent, dropped to 50 percent in less than a year. There has not been any U.S. president who had such a steep rise and decline in the popularity rating.

Republicans won off-year gubernatorial elections in New Jersey and Virginia - two states that Obama won a year earlier. In another startling upset, a Republican won the Massachusetts Senate seat, which had been held by the Kennedy family for over 50 years. Some people say that now there is no safe zone for the Democratic Party. U.S. media's frantic coverage of Obama's first year is understandable because he experienced "heaven and hell."

There are some reasons for assessing Obama's first year in office as disappointing. First of all, he sought policies that were too "leftist." The U.S. public is dissatisfied with Obama's expanded government intervention and the astronomical fiscal deficit brought on by his reform efforts. This may be an inevitable choice for him in order to overcome an economic crisis. In addition, it could be controversial to define his economic policy from an ideological perspective. However, it is indisputable that now the U.S. public is puzzled by the unprecedented level of big government. This is

why the U.S. public, which by nature abhors government intervention, may be attracted to the Republican Party's political moves. A (U.S.) columnist said that the U.S. is basically a rightist country. A liberal leader should know how to conceal that he is too "left-leaning."

Others note that President Obama pursued reform at too fast a speed. As similar mistakes are often made by the government in its first term, it seemed that Obama blindly believed that he would be able to carry out any reform he wants. Newsweek made an interesting observation that Obama failed to win the hearts of the public because he acted too rationally. His cool-headedness, intellect and thoughtfulness were virtues that earned him victory in the presidential election. But after he took office, those elements made him appear cold and disinterested.

President Obama's January 27 State of the Union Address provided him with a chance to reveal his visions for reform to the public. However, he failed to win understanding from the opposition party and the public because he identified his administration's problems as 'historical challenges' the U.S. has confronted in the past. The public did not want to hear about a raft of economic measures but how the President will run politics in a flexible manner, i.e. how he will put congressional politics back to normal. President Obama, however, stopped short of delivering this.

It seems that with midterm elections looming, it will be harder for the Obama Administration to pursue reform such as health care. We

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sympathize with a remark by a Republican who said that what President Obama needs is not eloquent words but actions.

LESSONS FROM THE REPUBLICAN PARTY AND OBAMA
(Dong-a Ilbo, February 1, Page 31)

Republican lawmakers of the U.S. House of Representatives invited President Barack Obama to a policy conference Friday. At the GOP House Issues Conference that lasted for 90 minutes, Obama criticized and expressed his regret over the party's policies. Republican lawmakers, however, observed proper decorum.

The Republican Party invited Obama to show the American people that it is not a party of "no" but a party of policy that can discuss issues with everyone with an open mind. For his part, Obama might have accepted the invitation as an opportunity to explain his policies to the people and refute the opposition party's criticism. Whatever the political reason both sides (had for getting together), ROK politicians should learn a lesson from President Obama and House Republicans, who willingly came together to discuss contentious issues.

In the ROK, too much tension exists between the president and opposition parties and between the ruling and opposition parties. They keep stressing the importance of communication, but nobody takes the initiative. Insisting on a "debate to the end," like picking a fight, is not a sincere way to begin dialogue.

Main opposition Democratic Party Chairman Chung Sye-kyun put forth a week ago a "new Democratic Party plan" aimed at wealth distribution and economic growth. He suggested the same plan eight months ago. Nevertheless, his party, which dominated parliament for 10 years, has yet to present itself as an alternative party capable of taking power even though two years have passed since it lost power. Rather, it continues to stand against every policy the ruling party pursues. The leftist Democratic Labor Party (DLP) which marked its 10th anniversary Saturday, is struggling because the majority of the country's workers have turned against the party due to its pro-North Korea stance. Although its approval rating once reached 18 percent, the (DLP) is having trouble fielding candidates for the local elections in June.

Opposition parties are not the only ones to blame for the backwardness of ROK politics, but they must learn from the U.S. Republican Party, which invited the president to its policy

discussion. The ROK's opposition parties could make the same attempt over the revision to the Sejong City project. The ruling Grand National Party is more to blame in this instance, however, because its members have failed to communicate with one another over a matter that could determine the nation's fate.

ROK people's main concerns are job creation and economic recovery. Both the ruling and opposition parties must show different attitudes at the extra parliamentary session that begins today.

(This is a translation provided by the newspaper, and it is identical to the Korean version.)

FEATURES

AMBASSADOR STEPHENS: "U.S. REMAINS PREPARED FOR ANY CONTINGENCY ON THE KOREAN PENINSULA"
(Segye Ilbo, January 30, 2010, Page 6)

By Reporter Kim Young-suk

U.S. Ambassador to the ROK Kathleen Stephens said on January 29, "We remain fully prepared for any type of military contingency on the Korean Peninsula."

Ambassador Stephens said in a breakfast lecture hosted by Giwoohwe

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Association at Gyeonggi Small and Medium Business Center, "(The U.S.) remains committed to the verifiable denuclearization of the Korean Peninsula," adding, "We are serious about denuclearization, and about the consequences of failing to denuclearize, such as isolation and sanctions."

This reaffirmed U.S. President Barack Obama's statement in the State of the Union Address a day earlier, that if North Korea continues to insist on nuclear development, it will face stronger sanctions. The Ambassador's remark is also apparently meant as a warning to North Korea, which fired dozens of coastal artillery shells in the waters around the Northern Limit Line (NLL) near the Yellow Sea.

DID U.S.-NORTH KOREA "UNDER-THE-TABLE NEGOTIATIONS" ENTER FINAL STAGE?
(Chosun Ilbo, January 30, 2010, Page 1, 5)

By Reporter Ahn Yong-hyun

Some ROKG foreign policy and security officials have recently said, "There seems to have been a great deal of progress in the U.S.-North Korea 'under-the-table negotiations' over the North Korean nuclear issue and the resumption of the Six-Party Talks. We are concerned that the ROK may be alienated again (as it was when the 1994 Geneva Agreed Framework was reached.)"

They say that the U.S. is pressuring the North to rejoin the Nuclear Nonproliferation Treaty (NPT) by no later than May, and the North is calling for the signing of a peace treaty and the easing of sanctions in return, although these are not being publicly mentioned.

The North's Rodong Simnun said on January 29, "Given the tense situation on the Korean Peninsula, the 60th anniversary of the outbreak of the Korean War, and the current international situation, it is appropriate and right to have the peace treaty talks without delay." Dongguk University Professor Kim Yong-hyun explained that in order to understand why the North is repeatedly asking for peace treaty talks despite the U.S.'s official rejection, we need to look at another piece of the puzzle - under-the-table negotiations between the U.S. and North Korea.

Some observers say that because the ROKG is mindful of a deal being negotiated between the U.S. and the North, it keeps the door to inter-Korean dialogue open. Although the North fired dozens of

coastal artillery shells in the waters around the Northern Limit Line (NLL) near the Yellow Sea on January 27-28, the ROKG decided to have talks with the North about the Kaesong Industrial Complex as scheduled on February 1. President Lee Myung-bak even held out the possibility of an inter-Korean summit within this year.

Since the North withdrew from the NPT in January, 2003, at the height of the second nuclear crisis, it has stayed out of the NPT regime. For U.S. President Barack Obama, who advocates for a nuclear-weapons-free world, it would be difficult for him to exercise his leadership at the Nuclear Security Summit in April and the NPT Review Conference in May with the North Korean nuclear issue left unsettled.

An ROKG official said, "In a situation where the North Korean nuclear issue is considered the biggest challenge to the NPT regime, Pyongyang's return to the NPT would be viewed as an important step toward denuclearization."

The Obama Administration particularly said in reference to the North Korean nuclear issue that it would "not buy the same horse twice." If the North puts on the table "a return to the NPT," a new card which was not used under the Bush Administration, it will serve as a justification for the U.S. to be flexible at its negotiations with the North.

A subtle atmosphere of change is also found in the issue of relaxing sanctions, which the North demands as a condition for its return to

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the Six-Party Talks. On January 21, the North announced a plan to establish the "State Development Bank" to attract foreign capital. This bank, however, can operate only when the U.S.'s financial sanctions are removed. A diplomatic source said, "The U.S. might have told the North, 'If you set up a new bank and follow international standards, we will not impose additional sanctions, although it would be difficult to lift the existing financial sanctions.'"

There is also talk that Pyongyang suggested establishing the offices of a trade representative in each other's country. If the offices open, they would serve as a permanent channel of communication between the U.S. and the North, and the economic sanctions would pale into insignificance. Some observers speculate that the reason why President Lee reiterated his proposal for the establishment of permanent liaison offices in each other's capital in his New Year's Address on January 4 may be that he was aware of the possibility that Washington and Pyongyang might open trade representative's offices in each other's country. President Lee had proposed setting up permanent liaison offices in April, 2008.

If there is sudden progress in the U.S.-North Korea relations, inter-Korean ties may likely take a back seat. There are already signs that the North is trying to use its "Tongmi Bongnam" tactics of promoting exchange with the U.S. and blocking off the ROK. The North is publicly saying that it will alienate the ROK at the peace treaty talks.

However, a Blue House official predicts that the North's tactic of "excluding the South" will not likely work this time. A researcher at a state-run institute noted, "Large-scale outside assistance is desperately needed to overcome the after-effect of the currency reform and to stabilize the regime for a hereditary power succession. Since China will not share the entire burden of aid to the North, the North will have no choice but to rely on the ROK." At present, the North is active in having "lucrative" talks about the Kaesong Industrial Complex and the resumption of tourism of Mt. Kumgang. An ROKG official said, "Since the ROK-U.S. alliance is strong and the North wants a lot from us, there is a remote possibility that we may be isolated. However, I am not sure if we can take a strong initiative in inter-Korean relations."

STEPHENS